

Message Text

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SUBJECT: POST EDITORIAL ON TRADE BILL

THE FOLLOWING EDITORIAL FROM THE JAN. 12 EDITION OF THE WASHINGTON POST IS BEING FORWARDED FOR YOUR USE IN DISCUSS-
ING THE TRADE BILL IN YOUR COUNTRY. THE DEPARTMENT FEELS
THE FACT THAT THIS VIEWPOINT COMES FROM THE WASHINGTON POST
MAY BE ESPECIALLY HELPFUL IN YOUR DISCUSSIONS:

QUOTE - BEGIN TEXT: THE FLAP IN LATIN AMERICA OVER THE NEW
AMERICAN TRADE BILL ONLY CONFIRMS THE NEED TO DEEPEN THE
'NEW DIALOGUE' THAT THE UNITED STATES HAS OFFERED ITS HEMI-
SPHERIC NEIGHBORS. THE TRADE REFORM ACT CARRIES SOME STERN
LANGUAGE OF UNCERTAIN MEANING EXPRESSING THE CONGRESS' DIS-
MAY OVER PAST ACTS OF THE OIL CARTEL (OPEC) AND POTENTIAL
ACTS OF OTHER COMMODITY CARTELS. THE LATINS IN OPEC,
VENEZUELA AND ECUADOR, IMMEDIATELY LEAPED TO THE CONCLUSION
THAT JUST BY THEIR PARTICIPATION IN THE PRICE INCREASES OF
CARTEL--THOUGH THEY HAD NOT JOINED THE ARAB MEMBERS IN THE
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EMBARGO A YEAR AGO--THEY WOULD BE DENIED THE LONG-SOUGHT

TARIFF PREFERENCES (FOR MANUFACTURES) OFFERED ELSEWHERE IN THE BILL.

NEITHER COUNTRY EXPECTS TO BENEFIT MUCH FROM THESE PREFERENCES, WHICH MANY EXPERTS FEEL ARE SOMEWHAT NARROWLY DRAWN. VENEZUELA, HOWEVER, IS EAGER THESE DAYS TO TURN ITS NEW OIL AFFLUENCE INTO A HEMISPHERIC LEADERSHIP ROLE, AND IT AT ONCE ANNOUNCED IT HAD BEEN AFFRONTED. ECUADOR WENT FURTHER, ANNOUNCING IT WOULD NOT ATTEND THE NEXT HEMISPHERIC FOREIGN MINISTERS' MEETING SCHEDULED FOR BUENOS AIRES IN MARCH. PERU DECLARED ITS SOLIDARITY WITH THESE SETIMENTS. AND SO ON.

NOW, THE STATE DEPARTMENT ITSELF STILL HAS TO FIGURE OUT WHAT THE HIGHLY QUALIFIED AND TECHNICAL LANGUAGE OF THE LEGISLATION MEANS, TO EXPLORE INTERPRETATIONS OF DIPLOMATIC CONVENIENCE WITH THE CONGRESS AND TO CONVEY THESE TO LATINS. THIS IS A PROCESS WHICH, AS FORESEEN UNDER THE TERMS OF THE NEW LAW, WILL REQUIRE SIX MONTHS OR MORE. IN THAT TIME THE EARLY NATIONALISTIC DISPLAYS OF TEMPER IN LATIN AMERICA SURELY WILL YIELD TO COOLER CALCULATIONS OF NATIONAL INTEREST.

MEANWHILE, THE STATE DEPARTMENT WILL HAVE ITS HANDS FULL MINIMIZING THE POLITICAL FALLOUT IN LATIN AMERICA--AND IN SUCH OTHER NON-ARAB OPEC COUNTRIES AS NIGERIA AND INDONESIA, WHICH ARE SIMILARLY AFFECTED BY THE TRADE BILL'S UNCERTAIN LANGUAGE WITH RESPECT TO TARIFFS AND THE OIL CARTEL. MEXICO, FOR ONE, HAS ADVISED ECUADOR AND VENEZUELA TO COOL DOWN AND TO CARRY THEIR COMPLAINTS TO THE FORTHCOMING FOREIGN MINISTERS' MEETING. COMING FROM MEXICO, THE LATIN COUNTRY WHICH WILL BENEFIT MOST FROM THE NEW TARIFF PREFERENCES, THIS ADVICE MAY NOT BE ENTHUSIASTICALLY RECEIVED. BUT IT IS EXCELLENT ADVICE ALL THE SAME.

IF THE LATINS ARE TO DEMAND THAT THE UNITED STATES HEAR THEIR GRIEVANCES, THEY CANNOT STALK OUT WHEN WASHINGTON FINALLY ENTERS THE ROOM. THE 'OLD POLITICS' OF THE HEMISPHERE MAY HAVE BEEN CHARACTERIZED BY AN AMERICAN-UNCLASSIFIED

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LATIN INBALANCE, WITH RESULTING EXCESSES OF ATTITUDE AND POLICY AT BOTH ENDS. BUT UNDER THE 'NEW ECONOMICS' OF ENHANCED HEMISPHERIC INTERDEPENDENCE, THIS CANNOT GO ON.

IN WARNING OIL CARTEL MEMBERS THAT THEY MIGHT LOSE TARIFF PREFERENCES. CONGRESS WAS ACTING IN SPECIFIC REACTION TO A REAL SQUEEZE ON ONE COMMODITY AND IN GENERAL REACTION TO A FEARED SQUEEZE ON OTHER COMMODITIES. WHETHER THE

'SUCCESES' OF OPEC CAN IN FACT BE EMULATED BY CARTELS
ADMINISTERING THE PRICE AND SUPPLY OF OTHER PRODUCTS IS A
MATTER UNDER CONTINUING DEBATE AMONG EXPERTS AND POLITIC-
IANS. AS AN ISSUE, IT IS AS POLITICALLY CHARGED AS IT IS
TECHNICALLY DIFFICULT.

WHAT LATINS AND OTHER AMERICAN TRADING PARTNERS SHOULD NOT
LOSE SIGHT OF, HOWEVER, IS THAT THE SIGNIFICANCE OF THE

TRADE REFORM ACT EXTENDS FAR BEYOND PREFERENTIAL TARIFFS.
THEY ARE A RELATIVELY SMALL ITEM. THE ACT IS THE
PRINCIPAL INSTRUMENT BY WHICH THE UNITED STATES HOPES TO
HELP BUILD THE MORE LIBERAL 'FREE WORLD' TRADING STRUC-
TURE THAT WILL PERMIT ITS MEMBERS TO ENDURE THE HARSH
BIND CAUSED BY INFLATION AND RECESSION. THAT GIVES ALL
THE PARTICIPANTS A LARGE STAKE IN THE 'NEW DIALOGUE' IN
THIS HEMISPHERE, AND IN SIMILAR DIALOGUES ELSEWHERE.
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